

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGR-10 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 OIC-02 L-02 SS-15

NSC-05 PA-02 PRS-01 USIA-15 /101 W

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R 131533Z FEB 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8278

INFO ALL EC CAPITALS 343

UNCLAS SECTION 1 OF 2 EC BRUSSELS 01275/1

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING, FEB
10-13, 1975

REF: EC BRUSSELS 9283 OF NOVEMBER 29, 1974

1. BEGIN SUMMARY. ON FEBRUARY 13, THE EC COUNCIL OF AGRICULTURAL MINISTERS FINISHED ITS WORK ON THE 1975/76 AGRICULTURAL SUPPORT PRICES WITH AGREEMENT BY EIGHT MEMBER STATES. THE DANISH DELEGATION COULD NOT ACCEPT THE NEW PRICE PACKAGE BECAUSE DENMARK IS WITHOUT A GOVERNMENT. IN TERMS OF UNITS OF ACCOUNT, THE PACKAGE INCLUDES AN OVERALL INCREASE OF 9 PERCENT FOR NEXT YEAR'S SUPPORT PRICES; INCREASES IN THE GRAINS SECTOR ARE WITHIN THE RANGE OF 8-12 PERCENT; THE NEW SOYBEAN GUIDE PRICE IS 12 PERCENT HIGHER THAN LAST SEASON'S. PRICE INCREASES WILL VARY FOR INDIVIDUAL MEMBER STATES BECAUSE OF ADJUSTMENTS MADE IN THE AGRO-MONETARY SECTOR.

COMMUNITY PREMIUMS FOR CLEAN CATTLE SLAUGHTER (STEERS), COW RETENTION, AND CALVES, AS WELL AS NATIONAL PREMIUMS WILL BE ALLOWED FOR ONE YEAR BEGINNING MAY 1. THE PRESENT SYSTEM OF

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SLAUGHTER PREMIUMS AT 30 U.A./HEAD IS

EXTENDED UNTIL THAT DATE. END SUMMARY.

2. THE EC COUNCIL OF AGRICULTURAL MINISTERS CLOSED ITS MEETING AT DAWN ON FEBRUARY 13, HAVING COMPLETED NEGOTIATIONS ON A PACKAGE FOR 1975/76 AGRICULTURAL SUPPORT PRICES SIMILAR TO THE ORIGINAL COMMISSION PRICE PROPOSALS PUT FORTH LAST NOVEMBER (REFTEL). EC COUNCIL PRESIDENT CLINTON SAID THAT THE MEMBER STATES ARE LESS THAN SATISFIED WITH THE FINAL COMPROMISE BUT IN GENERAL ARE RELIEVED THAT THE NEGOTIATIONS ARE OVER. THE DANISH DELEGATION WAS OBLIGED TO WITHHOLD ITS ACCEPTANCE OF THE PACKAGE BECAUSE AT PRESENT THEY ARE WITHOUT A GOVERNMENT (THE ATTENDING MINISTERS OF AGRICULTURE REPORTEDLY WILL NOT BE REAPPOINTED), AND THTHE PRICE COMPROMISE WORKED OUT BY THE COUNCIL WENT BEYOND THE DELEGATION'S MANDATE FROM THE PARLIAMENT.

3. THE 1975/76 PACKAGE APPROVED BY THE OTHER EIGHT MEMBER STATES INCLUDES THE FOLLOWING PRICE INCREASES OVER LAST SEASON:

PRODUCT	INCREASE (PERCENT)
GRAINS:	
SOFT WHEAT	
-- TARGET PRICE	9
-- INTERVENTION PRICE	9
DURUM	
-- TARGET PRICE	8
-- INTERVENTION PRICE	9
-- MINIMUM GUARANTEED PRICE	5
RYE	
-- TARGET PRICE	11
-- INTERVENTION PRICE	12
BARLEY	
-- TARGET PRICE	9.4
-- INTERVENTION PRICE	9.4
CORN	
-- TARGET PRICE	10
-- INTERVENTION PRICE	10
BROWN RICE	
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-- TARGET PRICE	10
PADDY RICE	
-- INTERVENTION PRICE	8
SUGAR	
-- TARGET AND INTERVENTION PRICES	15
RAPESEED	
-- TARGET AND INTERVENTION PRICES	11
SUNFLOWERSEED	

-- TARGET AND INTERVENTION PRICES 12

SOYBEANS

-- GUIDE PRICE 12

DAIRY

-- MILK TARGET PRICE

EFFECTIVE 3/3/75 6.4

EFFECTIVE 9/16/75 4.7

ADULT CATTLE

-- ORIENTATION PRICE 8.5

--INTERVENTION PRICE 5.5

CALVES

ORIENTATION PRICE 8.5

PORK

BASIC PRICE 5.

DEHYDRATED FODDER

SUBSIDY 27

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4. FOR BEEF, THE PRESENT SYSTEM OF SLAUGHTER DEFERRAL PREMIUMS

WILL BE

CONTINUED UNTIL MAY 1 AT THE RATE OF 30 U.A. PER HEAD. AFTER
THAT DATE A NEW SYSTEM OF EC AND NATIONAL PREMIUMS FOR "CLEAN
CATTLE" SLAUGHTER WILL COME INTO FORCE. AN EC PREMIUM OF 28
U.A. (COMMISSION HAD PROPOSED 30 U.A.) WILL BE PAID PER HEAD
OF CLEAN CATTLE AT THE TIME OF SLAUGHTER

OUT OF FEOGA FUNDS. ABOVE THIS, MEMBER STATES ARE AUTHORIZED TO GRANT A SUPPLEMENTARY PREMIUM OF UP TO 52 U.A. PER HEAD OF CLEAN CATTLE.

NEITHER THE EC NOR THE NATIONAL PREMIUM WILL BE GRANTED ON ANIMALS WHOSE MEAT IS SOLD INTO INTERVENTION. A MEMBER STATE HAS THE OPTION OF APPLYING A PREMIUM FOR RETENTION OF FOWS RATHER THAN THE SLAUGHTER PREMIUMS FOR CLEAN CATTLE (STEERS). THE COST BORNE BY FEOGA FOR SUCH COW RETENTION PREMIUMS MUST NOT BE GREATER THAN THE COSTS FOR APPLYING THE SLAUGHTER DERRAL (JAN.- FEB. 1975) AND NEW CLEAN CATTLE SLAUGHTER PREMIUMS. THE MEMBER WHO ELECTS FOR THE COW PREMIUM SYSTEM CAN GRANT A SUPPLEMENTARY PREMIUM, TO BE PAID FOR 35 PERCENT OUT OF FEOGA FUNDS AND 65 PERCENT FROM MEMBER STATES FUNDS. THESE FOUR PREMIUMS REPRESENT A COMPROMISE TO ACCOMMODATE THE UK, WHICH PUSHED HARD ON DEFICIENCY PAYMENTS FOR BEEF, AND FRANCE, WHICH OPPOSED THE UK POSITION BUT FAVORED SUBSIDIZING DAIRY FARMERS.

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FINALLY, TO TAKE CARE OF ITALIAN INTERESTS, A PREMIUM OF 50 U.A. PER HEAD IS AUTHORIZED FOR CALVES, HALF OF WHICH IS GRANTED AT BIRTH AND THE OTHER HALF ONE YEAR LATER. FEOGA WILL BEAR THE COSTS OF THE PREMIUM.

5. ALTHOUGH VALID FOR JUST ONE YEAR, THESE CATTLE AND CALF PREMIUMS REPRESENT CONTINUATION OF THE SIGNIFICANT INNOVATION, FIRST MADE LAST YEAR OF MOVING FROM COMPLETE RELIANCE ON INTERVENTION BUYING (ENTAILING LARGE STOCKS AND SUBSIDIZED EXPORTS TO A MIXED INTERVENTION SUBSIDY SYSTEM AS A WAY OF ORGANIZING THE BEEF MARKET. AFTER THE COUNCIL MEETING, EC COMMISSIONER LARDINOIS TOLD THE PRESS THAT HE DIDN'T THINK THESE PREMIUMS WOULD MEAN A CHANGE IN THE CAP: THIS WAS AN EXPERIMENTAL YEAR, NEW MECHANISMS WOULD BE TRIED OUT BECAUSE OF POLITICAL PRESSURES, HOWEVER, INTERVENTION WOULD BE MAINTAINED AND HE WAS CERTAIN THAT SINCE THE U.K. EXCHEQUER REALIZED WHAT THE COST OF THE PREMIUMS WOULD BE IT WOULD THINK TWICE BEFORE MOVING TO CONTINUE THEM.

6. IN THE DAIRY SECTOR, THE EIGHT MINISTERS APPROVED AUTHORIZING MEMBER STATES TO CONTINUE THE CONSUMER BUTTER AID AT A HIGHER LEVEL OF 45 U.A./100 KG. FOR THE 1975/76 MILK YEAR. OF THIS AID, 9.25 U.A./100 KG. WILL BE PAID FOR BY FEOGA. IN ADDITION, MEMBER STATES ARE AUTHORIZED, BEGINNING APRIL 1, 1975, TO GRANT AID WHICH WOULD ALLOW SOCIAL INSTITUTIONS TO BUY BETTER AT A REDUCED PRICE.

7. AS WE UNDERSTAND IT, THE MINISTERS (EXCEPT DENMARK) AGREED ON ADJUSTING THE U.A. CONVERSION RATIO (THE "GREEN RATES") OF ALL EC COUNTRIES EXCEPT DENMARK. THESE ADJUSTMENTS WILL BE OF A MAGNITUDE SUFFICIENT TO RESULT IN A DECREASE IN THE MONETARY COMPENSATORY AMOUNTS BY THE FOLLOWING PERCENTAGE POINTS:

GERMANY - 2; BENELUX - 0.7; FRANCE - 1.5; ITALY - 3; U.K. -
2.5; IRELAND - 5. IN GERMANY AND THE BENELUX, THE CHANGED CONVER-
SION RATES REPRESENT A REVALUATION OF THE "GREEN RATES" AND WILL
LESSEN THE PRICE INCREASE IN THOSE COUNTRIES(IN TERMS OF NATIONAL
CURRENCIES). IN THE OTHER COUNTRIES, THE NEW RATES REPRESENT A
DEVALUATION OF THEIR "GREEN RATES" AND WILL ACCENTUATE THE PRICE
INCREASES.

GREENWALD

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